

*Please reply to:*

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Our ref: GH/AUD  
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Date: 17 March 2008

## **NOTICE OF MEETING**

### **AUDIT COMMITTEE**

**DATE: THURSDAY 27 MARCH, 2008**

**TIME: 7.30 P.M.**

**PLACE: COUNCIL CHAMBER, COUNCIL OFFICES, KNOWLE GREEN, STAINES**

**TO: ALL MEMBERS OF THE AUDIT COMMITTEE**

J.D. Pinkerton (Chairman)

M.L. Bouquet

C.V. Strong

K. Chouhan (Vice-Chairman)

M.J. Collis

H.A. Thomson

E. O'Hara

#### **EMERGENCY PROCEDURE**

In the event of an emergency the building must be evacuated. All Members and Officers should assemble on the Green adjacent to Broome Lodge. Members of the Public present should accompany the Officers to this point and remain there until the Senior Officer present has accounted for all persons known to be on the premises.

#### **THE LIFT MUST NOT BE USED**

This Agenda and any Reports are available in Large Print on request. Contact: Gill Hobbs (01784) 446405

## **RESPONSIBILITIES OF THE AUDIT COMMITTEE**

### **Purpose**

To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process

### **Core Functions**

- (a) To approve (but not direct) the internal audit's strategy, plan and performance.
- (b) To review summary internal audit reports and the main issues arising, and to seek assurance that action has been taken where necessary.
- (c) To consider the reports of external audit and inspection agencies.
- (d) To consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- (e) To be satisfied that the Authority's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and to take actions required to improve it.
- (f) To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- (g) To review the financial statements, external auditors opinion and reports to members, and monitor management action in response to the issues raised by external audit.

### **MOBILE TECHNOLOGY – ACCEPTABLE USE**

Use of mobile technology (mobiles, Blackberries, etc) in meetings can:

- Interfere with the PA and Induction Loop systems
- Distract other people
- Interrupt presentations and debates
- Mean that you miss a key part of the decision

#### **PLEASE:**

Either switch off your mobile phone/Blackberry OR turn off its wireless/transmitter connection for the duration of the meeting.

*Thank you for your co-operation.*

## **A G E N D A**

### **1. APOLOGIES**

To receive any apologies for non-attendance.

### **2. DISCLOSURES OF INTEREST**

To receive any disclosures of interest from Members in accordance with the Members' Code of Conduct.

**3. MINUTES**

To consider the Minutes of the meeting held on 18 December 2007 (copy attached).

**4. MATTERS ARISING FROM THE MINUTES**

**5. ANNUAL AUDIT AND INSPECTION LETTER**

To receive the draft Annual Audit and Inspection Letter (copy attached). The final version of the letter will be available after 31 March.

**6. QUARTERLY AUDIT AND RISK REPORT**

To receive a report from the Deputy Chief Executive (copy attached).

**7. AUDIT SERVICES ANNUAL PLAN 2008/09**

To receive a report from the Deputy Chief Executive (copy attached).

**8. CORPORATE RISK MANAGEMENT**

To receive a report from the Deputy Chief Executive (copy attached).

**9. COMMITTEE WORK PROGRAMME 2008/09**

The Committee is requested to consider its work programme for 2008/09 (copy attached).

## **MINUTES OF THE AUDIT COMMITTEE**

**18 DECEMBER 2007**

**Present:**

Councillor J.D. Pinkerton (Chairman)  
Councillor K. Chouhan (Vice-Chairman)

Councillors:

M.L. Bouquet	E. O'Hara
M.J. Collis	H.A. Thomson

**411/07 MINUTES**

The minutes of the meeting held on 18 September 2007 were approved as a correct record, subject to the name of "Thompson" being amended to read "Thomson" in the list of Councillors present at the meeting.

**412/07 AUDIT SERVICES REPORT: AUGUST – NOVEMBER 2007**

The Head of Audit Services presented her report which outlined the work undertaken by Audit Services during the period August – November 2007 and responded to questions from Members. She highlighted significant areas of work including the internal audit partnership with Surrey Heath, Risk Management Training for Members, Risk Assessments, Corporate Governance and the Business Improvement Programme.

She reported that other authorities were interested in joining the audit partnership and that she would be able to report further on this at the next meeting of the Committee.

Members had asked about the risks associated with the Rent Deposit scheme at the last meeting and were advised that Audit Services had completed a review of the system and that key controls were in place. The Internal Auditor detailed some statistics of the scheme and answered members' questions.

The Head of Audit Services also gave assurance to members on the following matters:

- That the issues around duplicate payments, highlighted in the report on Creditors, had been addressed and action taken to avoid a similar occurrence.
- That following the theft of a PC, all Council laptops were now fitted with security cables and the rooms in which they were located were kept locked when not in use, with the exception of the Council Chamber, which was needed as a route for fire escape.

**RESOLVED** to note and approve the contents of the Audit Services Report: August-November 2007.

**413/07 CORPORATE RISK REGISTER**

The Senior Auditor reported that the Corporate Risk Register had undergone a quarterly review and update by the Corporate Risk Management Group to ensure actions were being taken on identified risks.

She outlined the areas where progress had been made on actions proposed, since the last review and those where there had been a lack of progress.

Members sought clarification and assurance on Audit Services' approach to the lack of progress in risk assessment for contaminated land and testing of the IT disaster recovery plan.

In view of the fact that several target dates for completing actions had not been met, it was proposed that the Head of Audit Services, in liaison with the Chair of the Audit Committee, invite the relevant Heads of Service to attend the next meeting of the Committee to explain why the proposed actions had not been completed on time.

**RESOLVED**

1. That the contents of the Corporate Risk Register be noted and approved.
2. That in cases where action had not been taken to address high level corporate risks the Head of Audit Services, in liaison with the Chair of the Audit Committee, invite the relevant Head of Service to attend the next meeting of the Committee to explain why target dates had not been met.

**414/07 CONFIDENTIAL REPORTING CODE (WHISTLEBLOWING POLICY)**

The Head of Audit Services explained that the Confidential Reporting Code (Whistleblowing Policy) formed part of the Council's Constitution and set out how to raise serious concerns about any aspect of the Council's work and the legal protection against reprisals under the Public Interest Disclosure Act.

The Code was available on the Intranet, a leaflet had been placed on every notice board and regular reminders were given to staff of its existence.

No concerns had been raised by staff with specific reference to the 'Confidential Reporting Code'.

**RESOLVED** to note the Confidential Reporting Code (Whistleblowing Policy) as submitted.

**415/07 COMMITTEE WORK PROGRAMME 2008**

The Committee considered its Work Programme for March 2008.

**RESOLVED** that the Work Programme as submitted be approved, subject to:

- a) amendment to the date of the next meeting, which would be taking place on 27 March 2008 and not 20 March as shown on the Work Programme.

- b) the addition of updates from Heads of Service as resolved in Minute 407/07 above.

**416/07 EXCLUSION OF PRESS AND PUBLIC**

This item was taken following item 4 of the agenda, Matters arising from the minutes, with the agreement of the Committee.

**RESOLVED** that under section 100a(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph of part 1 of schedule 12a of the Act [as amended] and as indicated below.

**417/07 CAR PARK INVESTIGATIONS**

*(Paragraph 7 - Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.)*

The Committee considered an exempt report on Car Park investigations undertaken by Audit Services. Members asked questions of the Head of Environment Services and were satisfied that the issues had been dealt with appropriately.

**RESOLVED** that the report of Audit Services on Car Park Investigations be noted with concern.

**418/07 SEASONS GREETINGS**

The Chairman thanked members and officers for their assistance during the year and wished them all a Merry Christmas.

**Annual Audit and Inspection Letter 2006-07  
Audit Committee - 27 March 2008  
Report of the Deputy Chief Executive  
Executive Summary**

**How does the content of this report improve the quality of life of Borough Residents**

The Annual Audit and Inspection Letter provides reassurance to the residents of the borough that the Council is performing well and managing its resources effectively

**Purpose of Report**

To inform Members of the outcome of the Audit Commission's Annual Audit Letter.

**Key Issues**

- Spelthorne assessed as continuing to improve well
- Council currently only meets Equality Standard for Local Government level 1
- Statement of Accounts given unqualified opinion
- The Council's financial standing is good and it manages its resources well
- Data quality arrangements assessed as good

**Financial Implications**

There are none

**Corporate Priority**

All priority themes

**Officer Recommendations**

The Audit Committee is asked to note the Annual Audit and Inspection Letter ([Appendix A](#)).

**Contact: Sue Sturgeon Chief Finance Officer (01784 446221)**

**Portfolio Holder: Councillor Michel Bouquet**

## MAIN REPORT

### 1. BACKGROUND

- 1.1 The Audit Commission is required to provide the Council with an Annual Audit and Inspection Letter. The letter
- Provides an assessment of the Council's performance under the Comprehensive Performance Assessment (CPA) process
  - Includes the Direction of Travel report
  - Confirms the external auditors opinion of the Statement of Accounts;
  - Confirms the external auditors Use of Resources assessment.
  - Reports on the Council's arrangements for ensuring data quality
- 1.2 Attached as [Appendix A](#) is the Audit Commission's Annual Audit and Inspection Letter.

### 2. KEY ISSUES

#### **Direction of Travel (pages 6 to 12)**

- 2.1 The Audit Commission stats that 63 percent of Spelthorne's performance indicators improved in 2006-07 which is above the average of 59% for similar councils.
- 2.2 The report assesses the Council's performance against it corporate priorities (page 9 to 12)

#### **Diversity and Equality (page 10)**

- 2.3 The Letter note that the Council currently meets Level 1 of the Equality Standard for Local Government and aims to achieve level 2 by 2008-09. This is behind many council's performance and the Council needs to make sure progress is made.

#### **Audit of Accounts and Value for money (page 13)**

- 2.4 Baker Tilly the external auditors had previously reported on the outcome of the audit of the Authority's accounts in September 2007 to the Audit Committee. The Letter confirms that:
- (a) An unqualified opinion on the Statement of Accounts for 2006-07 was issued
  - (b) Value for money arrangements were assessed as adequate
  - (c) The Best Value Performance Plan met the information requirements of the Government.



### **Use of Resources (pages 14-16)**

- 2.5 The Letter confirms that the Council was assessed as scoring 3's (performing well) across all five elements of the Use of Resources assessment. The letter states (paragraph 51) that the Council has made good progress in addressing the improvement opportunities identified in the 2006 review. The letter indicates that this has not been reflected in improved scores largely because the review only took into account arrangements that were in place at 31 March, whereas the improvements that are being made by the Council were under development at that time.
- 2.6 In one area external reporting the Council's score increased from a 3 to a 4 (the maximum score).

### **Data quality (page 16)**

- 2.7 The Letter concludes (paragraph 64) that the Council as continued to demonstrate good corporate arrangements for the management of data and that it demonstrated strong performance in the general se of the performance management system PB Views.

## **3. PROPOSALS**

- 3.1 That the Committee note the report.

## **4. BENEFITS AND SUSTAINABILITY**

The Letter

## **5. FINANCIAL IMPLICATIONS**

- 5.1 There are none.

## **6. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

- 6.1 There are none

## **7. RISKS AND HOW THEY WILL BE MITIGATED**

- 7.1 There are none

## **8. TIMETABLE FOR IMPLEMENTATION**

- 8.1 None applicable.

**Report Author: Terry Collier Head of Financial Services**

**Background Papers:  
There are none**

Annual Audit and Inspection Letter

Date

Last saved: 27/02/2008 10:39:00

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# Annual Audit and Inspection Letter

**Spelthorne Borough Council**

- Audit Commission descriptor to be inserted by Publishing-

Document Control

Author

Nick Ward

Filename

Spelthorne BC AAIL 2006-7 v5 27 feb 2008.doc

### **Status of our reports**

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

### **Copies of this report**

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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For further information on the work of the Commission please contact:

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[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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## Key messages

- 1 Spelthorne continues to improve well, particularly in the areas of housing and the local environment.
- 2 Performance in waste management, particularly recycling, need to improve. Recycling rates in 2006/7 were only half of what some councils in Surrey were achieving, but since then have improved dramatically.
- 3 The Council works well in partnership with other bodies, for example, demonstrating strong community leadership in tackling crime and anti-social behaviour.
- 4 The Council has tackled a number of equality and diversity issues successfully, but currently only meets Level 1 of the Equality Standard for local government. This is behind most other councils' performance against this standard.
- 5 Spelthorne is taking a lead in introducing a range of low carbon and energy management projects. These are starting to generate savings as well as cutting carbon dioxide emissions.
- 6 The Council's financial standing is good. It manages its resources well and is on track to continue to deliver its programme of planned savings.

## Action needed by the Council

- 7 Embed action taken to increase recycling levels and continue to strive for further increases.
- 8 Attain Level 2 of the Equality Standard in 2008.

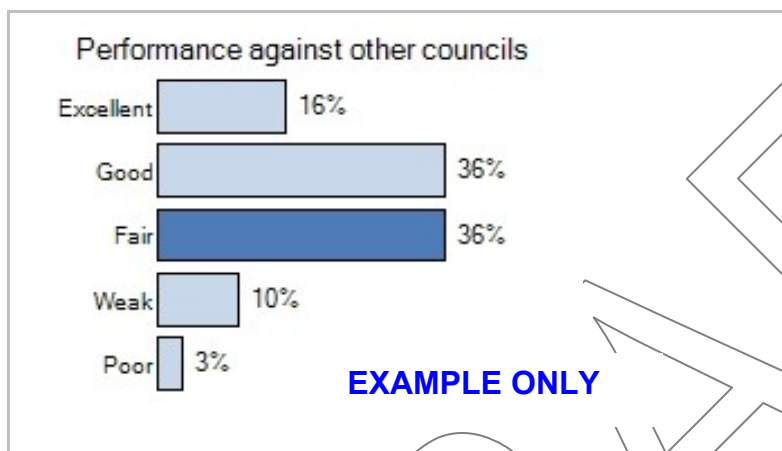
## Purpose, responsibilities and scope

- 9 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 10 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 11 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).
- 12 Baker Tilly is the Council's appointed auditor. They are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, Baker Tilly is required to review and report on:
  - the Council's accounts;
  - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
  - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 13 From 2007/8, the Council's auditor will be KPMG.
- 14 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report, and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 15 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

## How is Spelthorne Borough Council performing?

- 16 Spelthorne Borough Council was assessed as Excellent in the Comprehensive Performance Assessment carried out in 2003. These assessments have been completed in all district councils and we are now updating them through an updated corporate assessment in councils where there is evidence of change. No such update has been deemed necessary in respect of Spelthorne. The following chart notes the latest position across all district councils.

**Figure 1 Overall performance of district councils in CPA**



[Note: The relevant chart will be added by the Publishing Team based on the information given in paragraph 9. There is no need for authors to add the charts themselves].

Source: Audit Commission

## The improvement since last year - our Direction of Travel report

- 17 National and regional indicators show that Spelthorne has improved consistently and is doing well. Performance measures (PIs) show that 63 per cent of PIs improved in 2006/07 which is above the 59 per cent average for similar councils. Housing and local environment PIs show 80 per cent of PIs improving, with significant improvements in housing benefit processing times. Services relating to sustainable communities have also performed above average for district councils with improvements in 64 per cent of PIs. However, only 25 per cent of all PIs measured are in the best quartile, and the Council's track record over the 3 years to 2006/07 has slowed with only 47 per cent PIs improving. Performance in waste management and recycling has been low compared with similar councils, (although now improved dramatically) and some community safety indicators have not responded well.

## Corporate priorities and management

18 The Council's ambitions for the borough are set out in its Corporate Plan and supported throughout its business planning and review processes. Plans and strategies for improvement are linked with the wider Community Plan, and monitoring tables show the Council is on track to achieve most 2006/07 service milestones and BVPI targets. The Council shows an ability to maintain current improvement trends whilst undertaking significant change to address areas of under-performance. Extensive research and local consultation have determined the four priority areas Spelthorne residents consider to be important to them. As a result the past year has seen a strong focus on the priority themes of:

- Engaging younger people in Spelthorne
- Making Spelthorne safer
- Making Spelthorne a better place, and
- Increasing customer satisfaction

## Capacity

19 The Council is equipped to deal with rising public expectations, and overall satisfaction with the Council has been maintained in the second quartile. Corporate health indicators have improved by 50 per cent with 35 per cent PIs in best quartile. Spelthorne saw a change in council leadership following the recent election, and a revised 3 year Member Leadership Model is being considered to reflect the profiles of the new administration and ensure robust overview and scrutiny. The Council's capacity to deliver its ambitions is generally good and is supported by a sustained focus on what matters.

20 The Council has an effective performance management system, and finance and service planning are clearly linked between expenditure and outcomes. Information technology is used effectively to simplify the Council's reporting effort and ensure information is widely accessible to stakeholders in a timely and user-friendly manner. The Council's data quality was assessed as 'good'.

## Costs & expenditure

21 The Council recognises the need to reduce dependency on financial reserves and the medium term financial strategy is aimed at eliminating the use of reserves by 2009. It has developed and approved a new financial strategy, and processes for identifying emerging areas of budgetary pressure are aligned to delivering priority services. For example, the Council targeted a £500k savings in elderly services by 2007, and committed investments of £100k per annum extra on services for younger people. The Council is on target to realise 2.5 per cent year on year efficiency savings by 2007/08.

## Value for Money



- 22 The Council maintains a strong focus on value for money and is delivering improved outcomes in its priority areas. Areas of high spending are well understood and officers have a track record of redirecting resources to aid delivery of priorities. For example, planning applications and appeals have not improved on the previous year. Following a business process review of the planning services a series of actions were introduced including an increase in the operating budget and implementation of a new IT system to improve capacity to deal with applications.

### **Partnership**

- 23 The Council demonstrates strong community leadership through partnership working and continues to play a full role in the six themes of the 'Spelthorne Together' local strategic partnership. Relationships with partners are strong and lead to demonstrable improvement in outcomes. For example: the Council's leadership role has laid a foundation for effective multi-agency working through a series of Partnership Action Days (PADS) involving the police, fire service, Surrey CC, DVLA, and Surrey Youth Services for tackling crime and anti-social behaviour. The Council, together with Surrey Police, has teamed up with Fulham FC in a football coaching scheme for young people in Stanwell.
- 24 Work with Elmbridge and Runnymede Borough Councils, Elmbridge Housing Trust and A2 Housing is underway on a Choice Based Lettings scheme to work across the three Boroughs. The Council is also seeking to work in greater partnership on waste issues across Surrey and is jointly managing £2.4 million of projects under the LAA.

### **Engaging younger people**

- 25 The Council is continuing to respond to the needs of young people across the Borough and is using its leadership role and connections with local schools and businesses to understand better the market place requirements for young people. For example the Council is working closely with Brooklands and Spelthorne Colleges and other partners on the skills agenda, and in developing an extensive vocational programme for 14 – 18 year olds.
- 26 Sponsorship of the Construction bus concept which regularly visits local secondary schools to teach construction skills has been copied around the county.
- 27 2006/07 saw the completion of the Liveability Project in the local parks and introduction of a range of recreation, sports and healthy living schemes including, Urban Games skate facilities, the Live and Direct program, and work with the Youth Council to develop an A-Z guide.
- 28 Spelthorne's website for young people provides a good range of information and advice about local events and youth facilities, and the Council has set up a Junior Council for primary school children, and annually, Junior Citizens, as part of the local crime reduction programme.

## **Making Spelthorne safer**

- 29** Spelthorne has the highest rate of crime per thousand population in the Surrey Police area, and local crime and fear of crime remains an issue for residents. Joint working is effective and the Council in partnership with Runnymede has installed CCTV in parks across the borough, and has also supported and funded the work of Staisafe to reduce crime and disorder in Staines.
- 30** The 2006/07 user satisfaction survey reported a considerable decrease in fear of crime, and residents' perception of the extent of perceived anti-social behaviour has fallen significantly. For example, of the users surveyed vandalism, graffiti and other deliberate damage to property or vehicles fell from 75% to 44%; and people using or dealing drugs declined from 62% to 29%. Actual domestic burglaries, sexual offences and robberies have also reduced. However, other indicators including motor vehicle crimes and violence against the person have not, and are in bottom quartiles. Although overall crime levels have declined recently, they are still higher than the base year (2003/4) although the overall aim is to reduce crime by 5 per cent next year and by 15.5 per cent since 2003/04.

## **Making Spelthorne A Better Place**

### **Health**

- 31** Spelthorne's health profile compares favourably with the England average for 2006. People in Spelthorne are estimated to have healthier lifestyles than elsewhere in England.
- 32** Overall levels of poverty in Spelthorne are low, with average life expectancy for both men and women significantly better than the average for England. Teenage pregnancy rate in the district is also significantly low, and educational attainment levels are broadly similar to the national average. However, health inequalities do exist and there is room for improvement. 22.7 per cent of adults are smokers, levels of diabetes are high, and 21.4 per cent of the population are obese. The Council together with Surrey PCT has led on a number of key community issues including the Fit for the Future agenda, healthy living initiatives in Fordbridge Park, a girls and women's sports development at Kenyngton Manor Recreation Ground, and a facilitated campus style children's centre in Stanwell which will tackle many issues facing families in need.

### **Diversity and equality**

- 33 The Council supports local democracy and makes decisions based on sound community intelligence. There are good examples of specific consultation in relation to understanding and tackling diversity and equality issues and improving access to services. Service provision is sensitive to the needs of hard to reach community groups and the Council commissioned a detailed research with people with disabilities to inform the Disability Equality Scheme. The Council currently meets Level 1 of the Equality Standard for local government and aims to achieve level 2 by 2008. This is behind many councils' performance and Spelthorne needs to make sure progress is made.

### **Older People**

- 34 Spelthorne has a relatively old population profile and the number of older people supported to live at home is significantly low compared to national and regional averages. The Council successfully delivers activities from which older people benefit and has undertaken a review of its provision to older people as part of the Benwell and Stanwell redevelopment program. There is good work in targeting services for frail older people. The range of initiatives includes a concessionary travel scheme. The Council has also invested in the development of 39 extra care units, and increased meals on wheels to operate 7 days a week.

### **The Environment**

- 35 80 per cent of Environment PIs have improved, but from a low base and only 15 per cent of the PIs are in best quartile. Although recycling and composting rates improved in 2006/7 by 1.5 per cent to 19.35 per cent, this was still well below the statutory target of 30 per cent. Since then, the Council has invested significantly to improve performance on waste management and recyclables. Investment in extra bins and the introduction of alternate weekly waste collections went live in September 2007. Recycling rates have now improved to 36 percent and overall tonnage of waste collected is reducing. Kerbside collection and cleanliness of public space indicators have also improved, but remain in worst quartile.
- 36 The Council's approach to sustainable communities is strong. 64 per cent PIs have improved with 36 per cent PIs in best quartile. Earlier in the year the Council undertook a Strategic Flood Risk assessment of the borough. This resulted in a set of long term actions and strict controls on new development in flood risk areas to reduce the exposure to flooding risk. The adopted policy is part of the Local Development Framework.
- 37 PI's measuring land use have also performed well. Both indicators for the percentage of new homes built on previously developed land, and percentage derelict brown field land are in best quartile. The Council also secured two additional Green Flag standards for the borough's parks and green spaces bringing the total to four.

### **Low Carbon & energy management**

- 38 The Council was successful in becoming a Low Carbon pilot authority enabling it to utilise £123K funding awarded by the Carbon Trust's programme SALIX to deliver a series of energy efficiency programs to Spelthorne assets. This has resulted in increased staff awareness and improved internal staff engagement and communication. Spelthorne is one of 20 councils involved in a national pilot to reduce its annual energy running costs and carbon emissions. There are also anticipated cashable savings from controlling local emissions, reducing expenditure on bills, and producing less waste by encouraging internal recycling. Savings from such projects are ring-fenced and put back into future energy efficiency projects.

### **Stanwell**

- 39 The Stanwell New Start Regeneration Project is a joint initiative in partnership with A2 Housing Group, North Surrey Primary Care Trust and Surrey County Council. The project is financed through match-funding and a key objective is to design out crime and provide an improved mix of tenures in an area which has a very high proportion of social housing and drug abuse. Wider community outcomes will include provision of a new GP surgery, extra care housing, relocation of the local library, and street scene improvements.
- 40 The Council is also piloting, with the help of Reigate & Banstead Borough Council, a neighbourhood action plan for Stanwell Moor.

### **Housing and Homelessness**

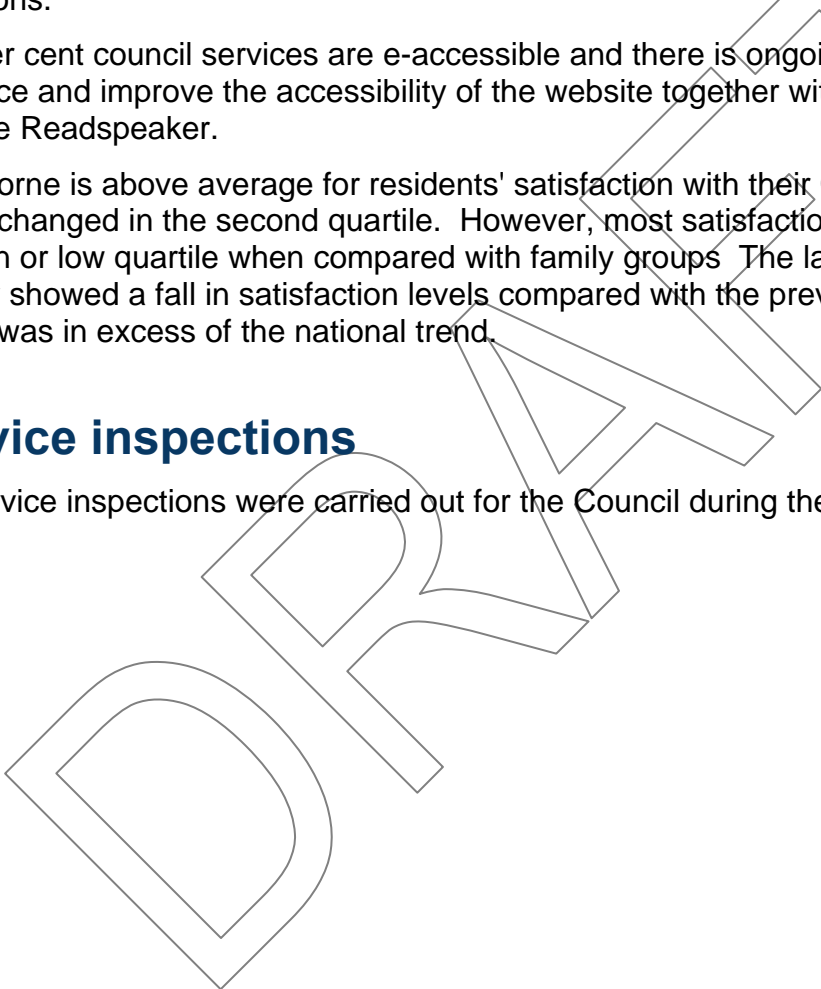
- 41 80 per cent housing PIs have improved in the last year of which 20 per cent are in the best quartile. Services to housing benefits customers is at level 4 (the highest level), and the 2006/07 local survey showed overall satisfaction with council tax and housing benefit services rose from 84 per cent to 87 per cent. However, due to a decline in available social housing Spelthorne's performance in tackling homelessness is mixed and the Council acknowledges that some housing needs are unlikely to be met.
- 42 Average stay in hostel accommodation has improved in best quartile, but the average length of stay in B&B and households in temporary accommodation remain in the worst quartile. Processing of new claims, housing benefits and council tax are in the best quartiles and the Council has introduced a grant to assist vulnerable people to bring their homes up to the decent homes standard. The Council is on target to achieve its local target of 332 new homes by 2009 of which 133 constitute affordable housing.

## Increasing customer satisfaction

- 43 The Council has a clear understanding of local issues through extensive consultation and has led on a number of community consultation issues, for example, the Surrey PCT Fit for the Future agenda, and the proposed Airtrack project to connect Heathrow directly to the South West Trains rail network. The Council undertook a 'Prioritising Spend in 2007' study to determine how residents believe spend should be distributed, and whether residents felt they were getting value from their council tax. The results of all consultation exercises are published on the Council's web site. Area forums give Spelthorne residents the opportunity to meet and talk to local councillors and express their views on local issues. Representatives from other public organisations such as Surrey Police, Surrey County Council and the NHS are also invited to the sessions to answer questions.
- 44 100 per cent council services are e-accessible and there is ongoing work to enhance and improve the accessibility of the website together with plans to replace Readspeakr.
- 45 Spelthorne is above average for residents' satisfaction with their Council, and PIs are unchanged in the second quartile. However, most satisfaction ratings are in median or low quartile when compared with family groups. The latest 3 year survey showed a fall in satisfaction levels compared with the previous survey which was in excess of the national trend.

## Service inspections

- 46 No service inspections were carried out for the Council during the year.



## The audit of the accounts and value for money

- 47** Baker Tilly reported the issues arising from the 2006/07 audit to the Audit Committee in September 2007. Baker Tilly's overall conclusions of the audit of the Authority's accounts for the year ended 31 March 2007 were:
- We provided an unqualified opinion in your financial statements on 28 September 2007. The draft accounts presented for audit were free from material errors and were supported by working papers of a good standard. We found no material or significant errors in the accounts. The changes which were agreed had no effect on the year end surplus or general fund balance;
  - We concluded that your value for money arrangements were adequate on the basis of the criteria specified by the Audit Commission. This conclusion was largely supported by the work we had carried out on the Council's use of resources; and
  - We reported on the Best Value Performance Plan confirming that the Plan has been audited and that the plan contains the information specified by government.

### Use of Resources

- 48** The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
  - Financial management (including how the financial management is integrated with strategy to support council priorities).
  - Financial standing (including the strength of the Council's financial position).
  - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
  - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 49** For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

**Table 1**

Element	Assessment
Financial reporting	3 out of 4

**14 Annual Audit and Inspection Letter | The audit of the accounts and value for money**

<b>Element</b>	<b>Assessment</b>
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 out of 4

*(Note: 1 = lowest, 4 = highest)*

### **The key issues arising from the audit**

- 50** The Council scored 3 in each of the five themes which means that it is consistently performing above minimum requirements.
- 51** The Council has made good progress in addressing the improvement opportunities that we identified as part of our 2006 review. This has not been reflected in improved scores largely because our review has only taken into account arrangements that were in place at 31 March 2007, whereas the improvements that are being made by the Council were under development at that time, and in any event the Council is already performing well on all themes.
- 52** The Council continues to have strong arrangements in place for Financial Reporting, including the production and reporting of its statement of accounts. As in previous years, officers handled external audit queries promptly and efficiently. The score of 3 for this theme reflects that certain further improvements could be made to the working papers to support the statement of accounts. In particular, the Council could undertake 'analytical review' for external audit, i.e., provide analysis of and explanation for variances on all balance sheet and income and expenditure account areas.
- 53** In one area, external reporting (KLOE 1.2) the Council's score increased from 3 to 4. Our view, and that of the Audit Commission, was that the Council demonstrated notable practice in how it has reported its financial performance to its local community.
- 54** Financial management arrangements (including medium term financial strategy, budgetary control and asset management) remain strong overall. The annual budget and medium term financial strategy provide a solid foundation for strategic financial planning processes which are underpinned by sound budgetary control mechanisms.
- 55** We have again assessed the Council's financial standing as good. The Council is currently in a sound financial position and has in place appropriate arrangements to manage its financial resources in the short and medium term. It has a proven track record of maintaining spending in line with its budget and it monitors budgets and reserve levels closely. Indeed, the Council is currently projecting a small underspend for 2007/08 of £61,000 against the original budget of £14,311,400. This would require a draw down of £229,000 on general reserves.

- 56 Looking forward, for 2008/09 it is currently anticipating £254,000 use of general reserves; £291,000 from the New Schemes fund and £418,000 contributions from other specific reserves for specific items. Its medium term financial strategy, however, recognises that the former reliance on using reserves to bridge funding gaps is not sustainable and indeed requires the elimination of drawing down the general fund reserve to support the general budget by 2009/10.
- 57 The Council's initial rolled forward budget for 2009/10 to 2011/12 indicates a budget gap of some £200,000 in 2009/10, £100,000 in 2010/11 and £nil in 2011/12. Overall, this presents a relatively healthy financial outlook. The Authority will nevertheless need to continue to exercise tight financial management particularly in view of the considerable level of savings it has achieved in recent years and consequently reduced scope to identify further savings in the future.
- 58 In 2008/09 the Council anticipates £1.3 million capital receipts from the Stanwell and Benwell day centre sites, £11.5 million from the Bridge Street car park site and approximately £0.5 million from the disposal of its trade refuse function. At the end of 2008-09, it expects to have some £31.5 million in reserves and capital receipts, which is in line with its target minimum level of reserves of £31 million as set out in its reserves policy.
- 59 Overall, we found that the Council has robust internal control and governance arrangements and it scored 3 for this theme. The Council's risk management processes are robust: Corporate and Service risk registers are in place and regularly updated and members with specific responsibility for risk have received risk management awareness training. The Council's Standing Orders now make specific reference to partnerships, although they did not do so at 31 March 2007. The Council should ensure that governance arrangements in respect of partnerships are subject to regular review and updating.
- 60 In relation to our value for money (VFM) assessment we found that, as in the prior year, Spelthorne is performing quite well overall. Its costs and service provision are broadly similar to those of its nearest neighbour group. The Council continues to perform well in the areas of council tax and housing benefit, with below average expenditure but a better than average performance. In addition, areas of relatively high spend, such as parks and open spaces and housing are those which have been identified as high priorities. However, the Council's spend on transport, which is not one of its priority areas, is also relatively high, as is its expenditure on parks and open spaces, particularly in view of the low level of satisfaction with them, although as reported under the Direction of Travel assessment, it did obtain two additional Green Flag awards for its parks..
- 61 The introduction of the performance management software (PB Views) has enabled members and officers to monitor corporate and service performance and improvements. The Council also has an effective budget monitoring process which considers short and long term costs of activities and initiatives. Its arrangements for procurement, which is driven by the Procurement Board, are strong and the Council's commitment to achieve good value for money through procurement is demonstrated in its joint work with other authorities on services including Leisure centres, SPAN and CCTV.



- 62 The Council does, therefore, positively manage its achievement of good value for money.

### **Data quality**

- 63 We assessed the Council's arrangements for ensuring data quality using a three stage approach developed by the Audit Commission. The work informed our value for money audit opinion and the opinion given on the Council's 2007 Best Value Performance Plan (BVPP). Our work involved:

- reviewing the corporate management arrangements established for data quality and their practical application;
- the completeness of published performance information; and
- a detailed review of performance indicators specified by the Audit Commission using a risk based approach.

- 64 The Council has continued to demonstrate good corporate arrangements for the management of data, which include a data quality strategy and information security policy. It has demonstrated strong performance in the general use of the performance management system "PB Views" as well as keeping management informed of data quality systems issues and the use of the IT providers, "Steria" for disaster recovery plans and testing.

- 65 Its use of the system 'PB Views' provides a good level of assurance that the data it uses to manage its performance is robust. We assessed the overall arrangements as being 'good', scoring 3 on a scale of 1 - 4 where 4 equates to excellent. Strengthening of management arrangements could be made in this area by setting data quality targets for not only housing benefits, but all departments. Further improvement could be achieved by formal reporting of the accuracy of data across all services.

- 66 The Council publishes all the performance information it is required to do.

### **Additional services**

- 67 No additional work was carried out for the Council during the year. The planned audit fee for the 2006/07 core audit was set at £68,900. No additional fees were billed during 2006/07 and therefore the outturn fee was £68,900.

## Looking ahead

- 68** The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for public services for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 69** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 70** The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

DRAFT

## Closing remarks

- 71 This letter has been discussed and agreed with xxx. A copy of the letter will be presented at the [audit committee/ cabinet/ full council] on 27 March 2008. Copies need to be provided all Council members.
- 72 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

**Table 2 Reports issued**

Report	Date of issue
Audit and inspection plan	March 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Annual audit and inspection letter	March 2008

- 73 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

## Availability of this letter

- 74 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Council's website.

**Nick Ward**  
**Relationship Manager**

Date

**QUARTERLY AUDIT SERVICES REPORT  
For the period December 2007 – February 2008**

**Audit Committee: 27 March 2008**

**Resolution Required**

**Report of the Deputy Chief Executive**

**EXECUTIVE SUMMARY**

**How does the content of this report improve the quality of life of Borough Residents**

The Accounts and Audit Regulations require the Council to maintain an adequate and effective internal audit of their accounting records and control systems. This report provides the Council with assurance of the adequacy of those controls as a contribution to the proper, economic, efficient and effective use of resources.

**Purpose of Report**

The report provides details of work undertaken by Audit Services during the period December 2007 – February 2008.

**Key Issues**

Internal Audit Partnership  
North West Surrey – Chief Executive and Leaders shared services project  
External audit testing  
Information Security  
Corporate Risk Register  
Audit Plan

**Financial Implications**

There are none.

**Corporate Priority**

The maintenance of a strong internal control environment supports all corporate priorities.

**Officer Recommendations**

**The Audit Committee is asked to note and approve the Audit Services' Report for the period December 2007 – February 2008.**

**Contact: Deanna Harris, Head of Audit Services, 01784 446207  
Portfolio Holder: Councillor Michel Bouquet**

## MAIN REPORT

### 1. BACKGROUND

- 1.1 The Accounts and Audit Regulations require the Council to maintain an adequate and effective internal audit of their accounting records and control systems. This report provides the Council with assurance of the adequacy of those controls.

### 2. KEY ISSUES

- 2.1 **Internal Audit Partnership with Surrey Heath Borough Council.** The Audit teams are working together on a number of joint projects including IT security, external audit testing and contract audit.
- 2.2 **North West Surrey Chief Executives and Leaders Partnering Project.** Internal Audit was included in a project initiated by Chief Executives and Leaders to investigate shared services between Elmbridge, Runnymede, Surrey Heath and Spelthorne Borough Councils. Other services included Building Control, Licensing and Revenues. The Chief Executives agreed that the Spelthorne/Surrey Heath audit partnership should be extended to Elmbridge. This will require a significant change in responsibilities of staff at Spelthorne. As the audit team of 2.6 FTE is currently operating at minimum level of cover there are unlikely to be any financial savings. However, partnering with Elmbridge would provide additional resilience and further efficiencies through joint working. The Deputy Chief Executive will be meeting with Elmbridge to discuss how we move forward on this partnership.
- 2.3 **External Audit** –Testing of the Council’s main financial systems continued during the period and files will be available for inspection by KPMG during March:
- (a) Main Accounting
  - (b) Cash and Bank
  - (c) Loans and Investments
  - (d) Payroll
  - (e) Creditors
  - (f) Debtors
  - (g) NNDR
  - (h) Council Tax
  - (i) Housing Benefits
  - (j) Asset Management/Capital – new area and additional work for Audit Service.
- 2.4 Sample sizes are specified by external audit and work has to be completed and recorded to meet their requirements.
- 2.5 There are no significant issues to report at this stage. Further details will be reported once the work has been finalised and reviewed by external audit.
- 2.6 **Information Security.** Following the loss of payroll documentation by the contractor employed to scan the Council’s records, internal audit assisted in subsequent investigations, liaised with the police and provided advice to management regarding information security. The following steps have been taken to control risks:

- (a) A video from the Information Commissioner has been made available to all staff. This is part of an ongoing programme to ensure staff are aware of and comply with the Data Protection Act.
- (b) Where feasible, sensitive information is being scanned in-house rather than using external scanning companies. There are a number of issues here, including the procedures and technology (not just for scanning but also for indexing and retrieval), the availability of staff resources, and the need to ensure that we have a secure area to deal with both scanning and shredding.
- (c) Shredding arrangements have been reviewed and a new contractor appointed. This work is now undertaken on site.
- (d) For some years a number of services within the Council have had archived records stored off-site. Each box needs to be brought back, checked and paperwork destroyed if appropriate. This process is nearing completion.
- (e) A risk review is being undertaken of all sensitive information which is held by the Council. This will require a long-term programme to address risks systematically.
- (f) The Head of Customer and E Government Services will be on the broader issues of Information Management.

2.7 **Corporate Risk Register.** See separate report.

2.8 **Audit Plan.** See separate report.

2.9 **Other Audit Work**

2.10 **IT Security** – Audit attended Information Security Review Group monthly meetings, along with IT service and Steria staff. Advice was given on various IT security related incidents.

2.11 **Direct Services / Customer and e Government Services / Corporate Governance / Human Resources / Asset Management / Independent Living / Procurement / Town Centre / Environment Services/ Partnership / People and Partnerships / Policy and Performance** – Risk assessments and testing are in progress.

2.12 **Leisure** - Audit recommendations were followed up and the current position is as follows:

- (a) A checklist is currently being prepared to assist management and to evidence monitoring of the leisure centre contract.
- (b) The transfer of administration of leisure bookings to Customer Services which would help to streamline systems has not been completed due to the need to review capacity and processes. This should be completed during 2008.
- (c) Procedures for personal security relating to handling cash and lone working have been reviewed. The Health and Safety officer will assess as necessary.
- (d) Consideration is being given to the implications of key partners pulling out of projects but the likelihood and impact of this is not felt to be significant.
- (e) The business continuity plan has not been tested however management do not consider the loss of leisure services to be a major risk. Management are working towards improving documentation of internal systems and the need to test business continuity plans will be addressed corporately.

- 2.13 **National Fraud Initiative** – The Head of Audit is the key contact for the authority and an Auditor assists in the co-ordination of the data matching exercise.
- 2.14 **Parking Services** – Advice given on a variety of financial, procedural, managerial and security matters.
- 2.15 **Business Improvement Programme** – Attended programme sponsors meetings and represented the directorate at the Chief Executive and IT and Customer Services meetings.
- 2.16 **Advice** - Advice has been requested from all directorates on various risk and control issues.
- 2.17 **Miscellaneous** – Meetings (staff/team/departmental/manager's briefings), training, Audit Committee reports, liaison with external audit, budget monitoring, dealing with contract payment certificates, Service Planning, cover for Sec 151 officer, work planning, staffing issues, attendance at grading review working party and various other tasks. Attended procurement training, Construction Line demonstration, SOCITM data management seminar and handling computer incidents in the workplace presentation.
- 2.18 **Audit recommendations** – A new system has been designed to improve monitoring of outstanding audit recommendations by directors.
- 2.19 **Institute of Internal Auditors Examination** – Jacqui Hughes (Auditor) passed all three IIA examinations (one distinction/one merit/one pass) and will take her final two papers in November 2008.
- 3. Special Investigations**
- 3.1 Leisure Income – Advice given to service regarding the handling, banking and management of income collected from customers.
- 4. OPTIONS ANALYSIS**
- 4.1 There are none.
- 5. PROPOSALS**
- 5.1 There are none.
- 6. BENEFITS AND SUSTAINABILITY**
- 6.1 N/A.
- 7. FINANCIAL IMPLICATIONS**
- 7.1 There are none.
- 8. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**
- 8.1 Completion of the Audit Plan demonstrates compliance with Local Government Act 1972 and Accounts and Audit Regulations.
- 9. RISKS AND HOW THEY WILL BE MITIGATED**
- 9.1 Significant risks associated with individual audits are reported in this report. Implementation of audit recommendations will reduce risks for the authority. All audit work is supported by detailed risk assessment.

**10. TIMETABLE FOR IMPLEMENTATION**

10.1 N/A.

**Report Author: Deanna Harris, Head of Audit Services 01784 446207**

**Background Papers: There are none**



## **AUDIT SERVICES – ANNUAL PLAN 2008/9**

**Audit Committee: 27 March 2008**

**Report of the Deputy Chief Executive**

# **Executive Summary**

### **How do the contents of this report improve the quality of life of Borough Residents?**

The Audit Plan demonstrates how the service will provide independent assurance to the organisation on the control environment, which helps to ensure the proper, economic, efficient and effective use of resources.

### **Purpose of Report**

This report summarises the work planned by Audit Services during 2008/9.

### **Key Issues**

A copy of the Annual Audit Plan for 2008/9 is attached ([Appendix 1](#)).

### **Financial Implications**

None

### **Corporate Priority**

The work of Audit Services supports all corporate priorities.

### **Officer Recommendations**

**The Audit Committee is asked to note the work plan (2008/9) for Audit Services.**

**Contact: Deanna Harris (Head of Audit Services) 01784 446207**

**Portfolio Holder: Councillor Bouquet**

## MAIN REPORT

### 1. BACKGROUND

- 1.1 The Accounts and Audit Regulations require local authorities to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices'. The Annual Plan demonstrates how the authority will fulfil this requirement in accordance with the Code of Practice for Internal Audit (Chartered Institute of Public Finance and Accountancy).
- 1.2 The plan ensures all auditable areas are identified, prioritised and sufficient time allocated to carry out the work. The plan is supported by risk assessments undertaken for each service during the year and other factors such as value/volume of transactions, known system weaknesses etc.
- 1.3 The Annual Plan is finalised after consideration of risks and consultation with senior management. It also reflects the requirements imposed by external audit.
- 1.4 Audit projects are allocated to individual auditors who carry out the work and report back to management on their findings. Quarterly reports summarising the work of the section are prepared for Management Team and Audit Committee.
- 1.5 The plan is reviewed by the Head of Audit on a regular basis.

### 2. KEY ISSUES

- 2.1 A copy of the Annual Audit Plan Summary (2008/9) is attached ([Appendix 1](#)).
- 2.2 Part 1 of the document shows the scope of audit work ie assurance (including testing), work completed on behalf of external audit, corporate projects and advice. Approximately 30% of available time is set aside for contingency. This time is then allocated to special investigations and other unplanned work as it arises.
- 2.3 Part 2 shows the actual work planned for each directorate/service. Risk assessments will be updated for each service, new systems will be examined, previous recommendations will be followed up and a number of known areas of medium/high risk reviewed.
- 2.4 In addition to the audit projects identified, assistance will be given a number of corporate issues such as the Business Improvement Programme, Use of Resources Assessment and corporate risk management. Audit Services is also currently responsible for co-ordinating the Audit Commission's National Fraud Initiative (data matching between authorities).

### 3. OPTIONS ANALYSIS

None

### 4. PROPOSALS

None

### 5. BENEFITS AND SUSTAINABILITY

N/A

### 6. FINANCIAL IMPLICATIONS

None

**7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

7.1 Completion of the Audit Plan demonstrates compliance with Local Government Act 1972 and Accounts and Audit Regulations.

**8. RISKS AND HOW THEY WILL BE MITIGATED**

8.1 The Audit Plan is informed by the authority's risk management process and other issues such as volume/value of transactions, and previous audit findings. Significant risks identified by audit are reported to the Audit Committee on a quarterly basis. Implementation of audit recommendations will reduce risks for the authority.

**Report Author: Deanna Harris (Head of Audit Services) – 01784 446207**

**Background Papers:  
There are none**

**SPELTHORNE AUDIT SERVICES**

**ANNUAL AUDIT PLAN SUMMARY – 2008/9**

1. **Scope of Audit Work**

1.1 Assurance

Audit provides independent **assurance** that risk management processes, control systems, accounting records and governance arrangements are in place and operating properly.

Audit use a risk based approach to identify controls which reduce risks. These risk assessments are also used to determine the nature and level of testing required in each service area.

Audit Services also review new systems/procedures, IT developments, introduction of new legislation etc. The level of audit input will be determined by assessed risks.

1.2 Work undertaken on behalf of external audit

Audit Services review and test all the authority's main financial systems on behalf of external audit.

1.3 Advice

Audit provides advice on financial procedures, compliance with Contract Standing Orders, Financial Regulations and other governance arrangements.

1.4 Contingency

Unplanned audit work including special investigations, management request for assistance, additional time required on planned audits if weaknesses identified etc.

1.5 Corporate Projects

Assistance with corporate issues such as risk management, partnering initiatives, Business Improvement Programme and Use of Resources Assessment.

Audit supports management in **the corporate risk management process**.

Whilst auditors are well placed to undertake corporate projects and other co-ordinating roles, it is important that audit independence is not compromised by excessive involvement in non-audit work.

## 2. Planned Audit Work Summary – 2008/9

- |     |                                |   |
|-----|--------------------------------|---|
| 2.1 | <u>Audit Category:</u>         | Assurance   |
|     | <u>Services to be Audited:</u> | <b>All</b> Services (CX, Support and Community) and corporate systems   |
|     | <u>Audit Objectives:</u>       | <p>Update risk assessments.<br/>Carry out testing identified by the risk assessment. Follow up previous recommendations.</p> <p>In addition to risk assessment of all services, audit will review (risk assess) implementation of the new housing system, Choice Based Lettings, new local housing allowance, any new partnering initiatives, waste/recycling scheme, town centre developments and procurement.</p> <p>Joint work with E Government services to review and improve IT security will continue.</p> <p>A review of Information Management and Security arrangements will be undertaken with management.</p> |
| 2.2 | <u>Audit Category:</u>         | Work on behalf of external audit  |
|     | <u>Systems to be audited:</u>  | Main Accounting, Payments, Debtors, Cash and Bank, Payroll, Housing Benefits, Council Tax, NNDR, Capital Accounting and Loans / Investments   |
|     | <u>Audit Objectives:</u>       | Complete documentation and testing of systems as directed by external audit.<br>Follow up previous recommendations.   |
| 2.3 | <u>Audit Category:</u>         | Advice  |
|     | <u>Services:</u>               | All – as necessary  |
|     | <u>Audit Objectives:</u>       | Provide advice and ensure that all relevant risks are considered.   |
| 2.4 | <u>Audit Category:</u>         | Contingency   |

	<u>Services</u>	All – as necessary
	<u>Audit Objectives:</u>	Undertake any ad hoc work and special investigations.
2.5	<u>Audit Category:</u>	Corporate Projects
	<u>Services to be audited:</u>	All/Corporate
	<u>Audit Objectives:</u>	<p>Assistance/advice on the following corporate projects:</p> <ul style="list-style-type: none"> <li>• Business Improvement Programme - member of sponsor group and assistance to review teams in specific areas.</li> <li>• Use of Resources Assessment – completion of latest assessment in conjunction with Head of Finance.</li> <li>• Corporate Risk Management – assist the Risk Champion to co-ordinate authority’s risk management arrangements.</li> <li>• National Fraud Initiative – co-ordinate the Council’s data submissions and response to data matches.</li> <li>• Corporate Governance – review of the Code</li> </ul>

Deanna Harris  
Head of Audit  
March 2008

**CORPORATE RISK MANAGEMENT**  
**AUDIT COMMITTEE: 27 March 2008**  
**Report of the Deputy Chief Executive**  
**EXECUTIVE SUMMARY**

**How does the content of this report improve the quality of life of Borough Residents**

Regular review of the corporate risk register helps to improve overall risk management arrangements, which supports all corporate priorities.

**Purpose of Report**

This report provides MAT and the Audit Committee with an opportunity to review the revised Corporate Risk Register and proposed actions for improvement.

**Key Issues**

- The Corporate Risk Register has been reviewed and updated.
- Progress on actions proposed at the last/prior review has been documented on the register.
- Further actions have been proposed in the register to mitigate risks as far as possible.

**Financial Implications**

Staff time to implement actions proposed should be contained within existing budgets.

**Corporate Priority**

All 4 Priorities.

**Officer Recommendations**

**Audit Committee are asked to note and accept the contents of the Corporate Risk Register.**

**Contact: Sue Sturgeon, Deputy Chief Executive, Tel: 01784 446221.**  
**Portfolio Holder: Councillor Michel Bouquet**

## MAIN REPORT

### 1. BACKGROUND

- 1.1 The Council's Risk Management Policy/Strategy was approved by the Executive in 2002.
- 1.2 The policy/strategy, flowchart of responsibilities and Corporate Risk Register can be found on Spelnet, and the Service risk registers can be found on global public folders.
- 1.3 The Audit Committee is responsible for considering the effectiveness of the authority's risk management arrangements, and receives regular reports on risk issues.
- 1.4 This report provides the Audit Committee with an opportunity to review the revised Corporate Risk Register, assess progress on actions previously recommended, and review new actions proposed for improvement.

### 2. KEY ISSUES

- 2.1 The Corporate Risk Management Group have revised the Corporate Risk Register ([Appendices 1 & 2](#)). Actions required to reduce risks are shown together with officers responsible for implementing recommendations and deadlines.
- 2.2 Progress on actions proposed at the last review has been documented on the attached register (please refer to columns titled control/action and progress). Some progress has been made in areas such as periodical review of the projects register to consider the level (capacity and skills) of resources available to deliver projects, setting up programme boards to oversee individual projects, proposed training for Project Sponsors to clarify roles and ensure compliance with project management methodology, setting up schedule for reporting progress on projects to MAT by Programme Boards, scheduled testing of the IT Disaster Recovery plan in April, review of private sector housing as a means of generating more affordable housing, future resourcing for the Business Improvement programme, and communication of the emergency plan.
- 2.3 Heads of service are currently assessing the significance of partnership arrangements using CIPFA guidance and governance arrangements will be reviewed shortly.
- 2.4 In some of these areas further actions have been proposed to improve controls further.
- 2.5 Audit Services are concerned about the lack of progress in the following areas :
  - (a) Procedure document to clarify health and safety responsibilities where assets leased (Regulation/legal/litigation risk).
  - (b) Risk assessment for contaminated land (Environment risk)
  - (c) Testing of the Emergency plan (Environment risk).
  - (d) Technology/infrastructure/operational risks.
  - (e) Testing of Business Continuity Plans and clarifying responsibility for coordination of these plans (to ensure plans are regularly updated and tested).



- (f) Security protocol for satellite buildings not formally documented.
- (g) Review of service plans – service aims and objectives need to be finalised and referenced to the Council's new priorities.

2.6 The Audit Committee requested on 18 December that Managers attend the next Committee in March to explain progress with actions to reduce risks. The Assistant CX (Bob Coe) will be attending the Audit Committee on 27 March to update Members with the progress on Business Continuity Planning.

2.7 A training event was held on 23 January for all Service Heads and Managers on risk management. Spelthorne's approach to risk management follows Zurich recommendations particularly in relation to categories and evaluation of risk.

2.8 It should be noted that the existing corporate priorities have been used for the purpose of relating specific risks to priorities.

### **3. OPTIONS ANALYSIS**

(a) To accept the Corporate Risk Register as drafted and proposals for improving overall risk management arrangements. (Preferred option) The revised register is considered to be an accurate reflection of the high level risks affecting the authority, as well as the progress made on actions previously proposed, based on our assessment of risk and controls in operation.

(b) To recommend amendments to the Corporate Risk Register for consideration by the Corporate Risk Management Group.

### **4. PROPOSALS**

4.1 MAT and the Audit Committee are asked to note and accept the contents of the Corporate Risk Register.

### **5. BENEFITS AND SUSTAINABILITY**

5.1 Proposals set out in the Corporate Risk Register should improve overall risk management arrangements across the authority, which supports all corporate priorities.

### **6. FINANCIAL IMPLICATIONS**

6.1 Resources required (staff time) to implement actions proposed in the Corporate Risk Register should be contained within existing budgets

### **7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

7.1 There are none.

### **8. RISKS AND HOW THEY WILL BE MITIGATED**

8.1 If actions outlined in the Corporate Risk Register are endorsed by MAT and implemented by relevant officers, this should improve the council's overall risk management arrangements.

### **9. TIMETABLE FOR IMPLEMENTATION**

9.1 The Corporate Risk Register shows officers responsible for progressing actions, together with timescales for implementation.

9.2 The revised Corporate Risk Register will be placed on Spelnet and actions will be monitored by the Corporate Risk Management Group.

**Report Author: Punita Talwar/Deanna Harris, Head of Audit Services, 01784 446207.**

**Background Papers: There Are None.**

**APPENDIX 1**

**SPELTHORNE BOROUGH COUNCIL  
CORPORATE RISK REGISTER – 2007/08 QUARTER 4**

The register summarises the main high level risks faced by the Council in relation to achieving the objectives and priorities as defined in the Council's corporate plan. The register sets out the control procedures in place to mitigate these risks, and identifies any further action needed to manage these risks effectively. Actions are assigned to appropriate officers with target dates for implementation.

- Corporate Priorities:**
1. **Making Spelthorne Safer**
  2. **Engaging Younger People**
  3. **Making Spelthorne a Better Place**
  4. **Improving Customer Satisfaction with our Services**

**NB Corporate Priorities have recently been reviewed and new priorities will be reflected in the next review of this register.**

**Level of risk: Likelihood vs. Impact on a scale of 1 (lowest) to 4 (highest)**

<b>Risk Category</b>	<b>Risk / Consequences</b>	<b>Corp Priority</b>	<b>Level Of Risk</b>	<b>Control / Action</b>	<b>Ownership</b>	<b>Target Date(s)</b>	<b>Progress</b>
<b>1. Organisation/ Management / Personnel</b>	Overstretched resources resulting in poor service delivery, failure in achieving desired outcomes.	1.3 & 4	3	<p><b>Controls:</b> Appraisal process, job descriptions, performance clinics, targets linked to service plans, staff surveys, various HR policies/handbook, training program related to needs. Staffing reviews, Business Improvement Program in progress. Policy and Performance summarised all projects with relative significance rating.</p> <p><b>Action: <i>Assessment of Council's overall program of projects required to consider capacity/skills issue.</i></b></p>	Service heads / MAT / CX		
					MAT	Sep 2007 <i>(Revise)</i>	Actioned

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>Progress at Dec 07: A master list of projects and the officer responsible has been drawn up. This will be used by Management Team to ensure the authority has sufficient resources/skills to deliver the overall programme of projects.</i></p> <p><i>Further Action at Dec 07: There is no officer assigned to ensuring that the register of projects is kept up to date. This should be addressed.</i></p> <p><i>Progress at Mar 08: Deputy Chief Executive's remind Service Heads at DMT's to keep the projects register up to date, and notify the Assistant CX of any changes. An updated version of the projects register is issued to MAT once a month, and the Assistant CX highlights key projects/changes so that MAT can consider overall capacity to deliver. A copy of the register is also available at each MAT meeting for reference.</i></p> <p><i>A number of programme boards are</i></p>	MAT/BC	<p><i>to Jan 2008)</i></p> <p>Jan 2008</p>	Actioned.

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<i>being set up, with the intention that all projects should link to one of these programmes, such as Procurement, Asset Management, E-Government, Strategic Housing, Crime and Disorder and Environment. The Assistant CX is promoting programme management at DMT'S.</i>			
<b>2. Technology/ Infrastructure /Operations</b>	Failure of projects due to poor project management Current projects include: <ul style="list-style-type: none"> <li>• Staines Town Centre (all areas)</li> <li>• Stanwell Regeneration</li> <li>• BIP</li> <li>• CBL</li> <li>• Elderly Services</li> <li>• Leisure Centre – new contract &amp; refurb work</li> <li>• Contaminated land</li> <li>• Legionella contract</li> <li>• All other asset related projects</li> <li>• All e related projects</li> <li>• Delivery of savings</li> </ul>	1,2,3 & 4	3	<b>Controls:</b> The authority has agreed project management methodology and invested in software, training and consultancy to assist. Varying levels of compliance with PM methodology across authority, and Project Sponsors may not be fulfilling expected roles. Policy and Performance coordinate updates to projects register which lists all projects being undertaken, with category (4 levels) based on relative significance. Procurement, E-Government, Asset Management, Strategic Housing and Crime and Disorder boards to review the programme of projects within their remit to confirm compliance with PM systems/methodology. There is no longer a dedicated internal resource to provide support on project management across the authority.			

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
	<p>and income generation</p> <ul style="list-style-type: none"> <li>Procurement initiatives</li> <li>Comino / contact management / records management</li> <li>Partnering initiated by CXs (Licensing, Audit, Building Control and Revenues)</li> <li>Three regeneration projects – Ashford, Shepperton and Sunbury</li> </ul>			<p><b>Action 1: MAT should examine the extent to which the organisation is using agreed methodology and the following addressed:</b></p> <ul style="list-style-type: none"> <li><i>Business case/whole life costings?</i></li> <li><i>Responsibility and accountabilities clearly defined?</i></li> <li><i>Resources identified (staff/budget)</i></li> <li><i>Deadlines agreed?</i></li> <li><i>Expected outcomes determined?</i></li> <li><i>Risks assessed?</i></li> <li><i>Gate reviews/reporting progress to MAT from PM Board</i></li> <li><i>All relevant stakeholders involved and agreements/approvals received?</i></li> <li><i>Consider Member engagement in monitoring of projects via Exec or performance management and Review committee</i></li> </ul> <p><b>Action 2: MAT should consider the Council's entire programme of projects and consider the level (capacity and skills) of resources available to deliver</b></p>	<p>MAT</p> <p>MAT</p>	<p>Oct 2007 <i>(Revise to Jan 2008)</i></p> <p>Oct 2007</p>	<p>Significant progress made, although systems may need to be reviewed in due course to assess implementation.</p> <p>Significant progress</p>

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>completely. This process should continue for all new projects identified.</i></p> <p><i>Progress at Dec 07: A master list of projects and the officer responsible has been drawn up. This will be used by Management Team to ensure the authority has sufficient resources/skills to deliver the overall programme of projects. A range of training courses were recently provided to encourage the application of agreed project management methodology, and covered the key principles listed above. This needs to be monitored in due course to assess implementation across the authority. The process of reporting from Project Boards to MAT still needs to be resolved, as well as Member engagement in projects.</i></p> <p><i>Progress at Mar 08: See also progress reported under 'organisational/management risk' in relation to review of the projects register. There is no dedicated internal resource to provide support on project management or to monitor</i></p>		<p><i>(Revise to Jan 2008)</i></p>	<p><i>made, although systems may need to be reviewed in due course to assess implementation.</i></p>

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
3. Technology/ Infrastructure /Operations	Failure to align service objectives to corporate aims	1,2,3 & 4	3	<p><i>implementation of agreed project management methodology across the authority. Training has been arranged for Project Sponsors to clarify roles, with the intention that they oversee projects closely, and ensure compliance with PM methodology. Programme boards are required to issue progress/exception reports to MAT on all projects that fall within their programme, and a reporting schedule has been set up for this purpose. Deputy CX's are responsible for advising Project Managers to engage Members in projects where considered appropriate.</i></p> <p><b>Controls:</b> Service plans are derived from Community and Corporate Plans. Service plans cover a 3 year period, although require annual updates. A corporate template has been promoted to assist service planning. Corporate priorities have now been formally decided and will be launched/communicated shortly.</p> <p><b>Action: All Service Plans should be updated annually, to reflect the new</b></p>	Service Heads	Oct 07 <b>(Revise to Feb 2008)</b>	Some



Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>corporate priorities.</i></p> <p><i>Progress at Dec 07: Members/MAT have reviewed the corporate priorities, which will be issued in the new year. Planning has not yet piloted the new approach to service planning. Service Heads have been encouraged to update their service plans annually, and were sent a corporate template to assist the process, although no responses have been received to date. Completion of Service Plans may need to be delayed until the authority's corporate aims and objectives have been published.</i></p> <p><i>Progress at Mar 08: Some service plans have been updated, although may require further review once the corporate priorities have been published. MAT to be provided with a list of those updated.</i></p>			
<p><b>4. Technology/ Infrastructure /Operations</b></p>	<p>Security breaches/system failure/ loss of data</p>	<p>1, 3 &amp; 4</p>	<p>3</p>	<p><b>Controls:</b> Back up and continuity arrangements managed by Steria and tested by Service Heads, IT security policies, contractual responsibilities of Steria.</p>	<p>Steria/RW/ Service heads</p>		



Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
5. Technology/ Infrastructure /Operations	Breaches in security of buildings	1 & 3	3	<p><b>Controls:</b> Knowle Green offices alarmed and entry controlled, CCTV, sensors connected to alarms. Security protocol documented. Depot has CCTV and controlled entry access. Access to satellite buildings e.g. day centres, village halls, park pavilions and museums controlled by key access, held by authorised staff.</p> <p><b>Action:</b> <i>Security protocol for satellite buildings should be documented, which clearly sets out responsibilities.</i></p> <p><b>Progress at March 2008:</b> <i>The Assistant Head of Direct Services has advised of security arrangements in place at the depot, although has not formally documented procedures and/or circulated to relevant staff. This has been requested.</i></p> <p><i>Community Services are in the process of documenting procedures, although this has not been completed.</i></p>	SC/LB/DP	Dec 07 <i>(Revise to Jan 2008)</i>	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
6. <b>Technology/ Infrastructure /Operations</b>	Disaster in Council buildings / Lack of continuity planning within services and reliance on individuals/systems	3 & 4	3	<p><b>Controls:</b> The Assistant CX is responsible for chairing the 'Gold' corporate group in the event of an incident where business continuity plans need to be invoked. The Assistant CX (Bob Coe) is currently responsible for co-ordinating business continuity plans, although the task of issuing annual reminders to Service Heads to update their plans and monitoring progress is carried out by the Head of Office and Customer Services. This task may shortly be transferred to the Emergency Planning Officer (Nick Moon), although this has not been confirmed.</p> <p><b>Action:</b> <i>The authority should ensure the plans are fully communicated, tested and updated regularly.</i></p> <p><b>Progress at Dec 07:</b> <i>Plans have not been tested since review. The Assistant CX (Bob Coe) and Head of Environment Services have arranged to see a demonstration of software that would facilitate central monitoring of the authority's business continuity plans (by providing reminders of when plan due to be updated/tested etc).</i></p>	Service Heads/MAT	Dec 07 <b>(Revise to Feb 2008)</b>	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>Progress at Mar 08: Software systems to facilitate monitoring of plans have been reviewed, but not considered worthwhile. Responsibility for co-ordinating the authority's business continuity plans (by providing reminders of when plan due to be updated/tested and follow up etc) may be transferred to the Environmental &amp; Technical Projects Officer (Nick Moon) although this has not been confirmed. The Head of Customer and Office Services has asked Service Heads to update their business continuity plans, and will be reporting areas where revised plans have not been submitted by the end of March. Most plans have still not been tested since review in February 2007. The Emergency Planning Officer is currently researching approaches to testing business continuity plans at other authorities, with a view to applying best practice at Spelthorne</i></p> <p><i>Further Action at Mar 08: See section on Emergency Planning (risk reference: major disaster in borough). The</i></p>			

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>Assistant CX will be attending the Audit Committee on 27.3.08 to advise Members on the latest position.</i></p>			

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
7. <b>Technology/ Infrastructure /Operations</b>	Housing - failure to meet affordable housing targets.	3 & 4	4	<p><b>Controls:</b> Housing Strategy group meet monthly to review Housing Strategy action plan and assess progress in achieving targets. New RSL's appointed during 2007 to help identify more housing development opportunities.</p> <p><b>Action: <i>Management of private sector housing as a means of generating more affordable housing.</i></b></p> <p><b>Progress at Mar 08: <i>The Deputy Chief Executive (NL) has highlighted the need to link this target to the revised community plan which indicates specific build numbers per annum. Review of private sector housing as a means of generating more affordable housing features in the Housing Strategy Action Plan. Progress has been made in achieving a number of objectives relating to this area, e.g. bringing empty homes into use, improving communication with landlords, whilst other areas are being pursued such as increasing the number of private sector homes that can be used for homeless people, and promoting</i></b></p>	NL/HM	March 2008	Actioned/ Ongoing

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<i>information on Houseproud, empty homes and proposed grants. These objectives are monitored monthly by the Strategic Housing Group, and reported to Performance and Review Committee.</i>			
<b>8. Financial / Economic</b>	<p>Poor vfm / failure to implement procurement strategy / identify and manage savings</p> <p>Business Improvement Program progressing but loss of skills transfer resource could delay process.</p>	3 & 4	3	<p><b>Controls:</b> Procurement strategy, action plan and clear responsibilities through Corporate Procurement Group, AES, Financial strategy/budgetary constraints.</p> <p><b>Action: Consideration should be given to resources available to complete program.</b></p> <p><b>Progress at Dec 07: The current review of Chief Executive's Directorate and Customer and E Government Services is addressing the future resourcing of the Business Improvement programme.</b></p> <p><b>Progress at Mar 08: The future resourcing of the Business Improvement programme has been formally agreed, and a revised structure has taken effect within the Policy and Performance function.</b></p>	<p>Service Heads/TC/BC</p> <p>BC/ Sponsors Board/MAT</p>	Dec 07 <b>(Revise to Jan 2008)</b>	Actioned



Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
9. Environment	Disaster- major in borough	3 & 4	4	<p><b>Controls:</b> Emergency plan has been reviewed and circulated annually since 2004. The plan was last updated in July 2007, and will be reviewed in August 2008.</p> <p><b>Action:</b> <i>The authority should ensure the plan is fully communicated, tested and updated regularly.</i></p> <p><b>Progress at Dec 07:</b> <i>A new member of staff within Environment Services has now been assigned to addressing this area. Some plans have been communicated to residents, and testing of plans has been programmed. The emergency plan is intended to be reviewed and circulated annually.</i></p> <p><b>Progress at Mar 08:</b> <i>Testing of some elements of the emergency plan has been programmed for April, and a detailed test may be carried out in May. SCC has a duty to assist with testing. Incident Liaison Officer training is ongoing, and a general briefing session for staff is being considered. The emergency plan has been communicated to relevant officers and</i></p>	NL/SM	Dec 2007 <b>(Revise to Feb 2008)</b>	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>Partners, and published on the Website. The Environmental &amp; Technical Projects Officer (Nick Moon) has drawn up a risk assessment for the Emergency Planning function based on advice from the Local Resilience forum, and identified 3 key risk areas (Pandemic flu, flooding and terrorism).</i></p> <p><i>Further Action at Mar 08: Staff briefing sessions should reinforce responsibilities for coordinating, reviewing and testing both the Emergency Plan and Business Continuity plans, clarify differences between business continuity and Emergency Planning and highlight when these plans should be invoked.</i></p>	NL/SM	June 2008	
10. Environment	Uncertainty surrounding the financial /other consequences of contaminated land	1 & 3	4	<p><b>Controls:</b> Legal duty to inspect land and prioritise action, progress reports issued to MAT outlining financial and risk implications.</p> <p><b>Action:</b> <i>It is recommended that a separate risk assessment be prepared for Contaminated Land covering in particular, contractual,</i></p>	NL/MAT	Dec 2007 <i>(Revise</i>	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
	<p>Uncertainty surrounding the financial /other consequences of contaminated land</p>			<p><i>financial/resources and legal/regulatory matters. Controls available to mitigate risks associated with potential lack of funding or resources to undertake further detailed site investigations should be identified and incorporated in the risk assessment.</i></p> <p><i>Progress at Dec 07: Following the Rogers' Review of Regulatory Services, the Government have indicated that they no longer consider contaminated land to be a national priority and they appear to be changing their stance on future funding of local authority contaminated land work. The Government's experts are in the process of reviewing the soil guideline values (SGV's) against which contaminated sites are assessed and they will be redefining which levels of contamination will require further action. This information was due to be published by the end of 2007 and is likely to</i></p>		<p><i>to Jan 2008)</i></p>	

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>lead to a relaxation of many of the SGV's. The contaminated land team are currently engaged in re risk-rating our sites of potential concern using GeoEnviron. The Head of EH feels that because EH are undertaking such a review, coupled with an expected change of guidance would suggest that it is not appropriate to undertake such a risk assessment at this time.</i></p> <p><i>Progress at Mar 08: Environmental Health are still waiting for the government to publish revised soil guideline values (SGV's), against which contaminated sites are assessed. The contaminated land team have made little progress in re risk-rating sites of potential concern using GeoEnviron due to priority given to the work programme on the current investigation area, and may appoint Consultants to conduct this exercise. In light of these outstanding issues, and uncertainty</i></p>			

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>about the outcome of the current investigation area/remediation proposals at this site, the Head of EH would suggest that it is still not appropriate to undertake such a risk assessment at this time. The Head of EH would be happy to attend the Audit Committee scheduled for June to provide a verbal update on the latest position to Members.</i></p>			
<p><b>11. Regulation/ Legal / Litigation</b></p>	<p>Health and Safety failing resulting in injuries and legal action against the Council</p>	<p>1, 2, 3 &amp; 4</p>	<p>4</p>	<p><b>Controls:</b> Managers are responsible for regular risk assessments and all staff have responsibilities pointed out on Induction and in various policies and training events, Health and Safety Officer in post and reports relevant issues to CRMG, contract let to manage Legionella (to ensure compliant with APEC regs) and progress reported to AMG and MAT as appropriate.</p> <p><b>Action: Procedure document required to clarify health and safety responsibilities/ arrangements where the authority leases out assets.</b></p> <p><b>Progress at Mar 08: An asset review is</b></p>	<p>All staff</p> <p>DP</p>	<p>Jan 2008</p>	<p>Some</p>

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<i>underway, and an initial inspection of leased sites has been completed. Legal will be reviewing all lease agreements in place to clarify which properties fall under Part 4 of the Health and Safety Act. Once completed, the Head of Asset Management will draw up a general procedure document, although due to other priorities/projects, it is anticipated that this may not be completed until January 2009.</i>			
<b>12. Partner/ Contractor/ Commercial</b>	Contractors/partners fail to deliver expected outcomes.	1,2,3&4	3	<p><b>Controls:</b> Management responsibility to monitor performance, variety of performance measures in place and contractual safeguards. Work been conducted on review of strategic and internal partnerships, and findings being analysed. Partnership agreements not always in place or may not be comprehensive.</p> <p><b>Action:</b> <i>Managers should formalise and document protocols/agreements for all <u>significant</u> partnerships, ensuring that roles and responsibilities of each party are clearly assigned, which should also incorporate risk assessments where</i></p>	Service Heads  Service Heads	March 2008	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>possible. Outcomes should be monitored against expected targets/objectives.</i></p> <p><i>Progress at Mar 08: Service Heads are currently assessing any partnerships for significance using criteria set out by CIPFA. Governance arrangements will be reviewed once the Council's significant partnerships have been identified.</i></p>			

*Reviewed March 2008*

**WORK PROGRAMME 2007 – 2008**

**AUDIT COMMITTEE 27 MARCH 2008**

**Resolution Required**

**1. Work Programme**

- 1.1 This report covers the Work Programme for the remainder of 2007/08 municipal year.
- 1.2 The Committee's terms of reference are set out at the front of the agenda.

**2. Current Work Programme**

- 2.1 So far only three meetings of this Committee have been scheduled in the Council's Diary of meetings for 2008-09 as follows:-
  - 24 June 2008
  - 4 September 2008
  - 27 November 2008
- 2.2 Further meeting dates will be confirmed when the Calendar of meetings is considered and approved by the Council at its Annual Meeting.
- 2.3 Details of the Work Programme for the next meeting are as follows:

24 June 2008		
Overview on Role of Audit Committee	Head of Audit Services	Presentation
Corporate Risk Register	Head of Audit Services	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Audit Services Annual Report	Head of Audit Services	Report
Annual Governance Statement	Head of Financial Services	Approval
Statement of Accounts	Head of Financial Services	Approval
Committee's Work programme for 2008/09	Head of Audit Services/ Head of Financial Services/Audit Committee	Report

- 2.4 At the request of the Chairman, two dates have been provisionally booked for members of the Committee to receive training on the Statement of Accounts, which will have to be approved before 30 June.  
  
These dates are 29 May, 2 June, 5 June, 10 June and 12 June.  
  
Members will be asked their availability for two meetings from these dates, following their appointment to this Committee at the Annual Council meeting.
- 2.5 Any topics identified during consideration of the business at this meeting, will need to be included in the above Work Programme.



## **Agenda Item: 9**

- 2.6 Other issues may be included in the Work Programme at any stage during the remainder of the municipal year.
- 2.7 External audit may have one or two reports that arise from time to time which are not possible to predict in advance but will be incorporated into the Work Programme or appear on the agenda as appropriate.
- 2.8 Managers may be required to attend the Committee, similarly to that resolved in Minute No. 227/06, to explain why they have not implemented the recommendations of the Head of Audit Services. It is not possible to predict these circumstances but they will be dealt with as and when they arise either by incorporating into the Work Programme or appearing on the agenda as appropriate.

### **3. Resolution**

The Committee is asked to consider and approve the Work Programme as submitted.

**Contact: Deanna Harris, Head of Audit Services (01784) 446207**

**Report Author: Gillian Hobbs, Committee Manager (01784) 446405**